

Message Text

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PAGE 01 BANGKO 08487 091325Z

44

ACTION XMB-04

INFO OCT-01 EA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 /051 W

----- 078177

R 091217Z MAY 75

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 4026

INFO AMCONSUL HONG KONG

LIMITED OFFICIAL USE BANGKOK 8487

PASS EXIMBANK FOR WALTER SAUER, VICE CHAIRMAN

HONG KONG FOR EXIMBANK RAND

E.O. 11652: N/A

TAGS: ETRD, US, TH

SUBJECT: EXIM CREDIT 2336 - SIAM KRAFT PAPER CO. LTD.

1. WOLFE-MASSEY HAVE CONCLUDED FROM TALKS THAT: (A) SCB HAS NEVER INTENDED AND DOES NOT NOW INTEND TO MAKE A SERIOUS OFFER TO PURCHASE EXIMBANK DEBT; (B) INTEREST ISSUE ALONE HAS NOT BEEN HEART OF SCC'S REFUSAL TO SIGN MU. REAL REASONS APPEAR OO BE (I) CONCERN THAT MU MAKES NO PROVISION TO PROTECT SCC AND OTHER MAJOR LENDERS FROM CLAIMS AND COUNTERCLAIMS AGAINST SCC AND AMONG THE SENIOR CREDITORS, AND (II) WHILE MU BINDS SCC TO CERTAIN OBLIGATIONS, IT LEAVES FOR FUTURE DOCUMENTATION DETAILS CONCERNING THE CREDITOR'S COLLECTIVE OBLIGATIONS IN THE EVENT OF FURTHER DETERIORATION OF SKPC, MATTERS OF DEBT PREFERENCES AND SOURCES FOR SKPC'S WORKING CAPITAL OVER THE LONG TERM IN THE LIKELY EVENT SCC FAILS TO ARRANGE ADEQUATE FOREIGN FINANCIAL PARTICIPATION; (C) MAJOR CREDITORS WILL NOT BE DISSUADED FROM CONCEPT THAT AFTER THE COMPLETE DISSIPATION OF EQUITY, MORAL AND FINANCIAL RESPONSIBILITY FOR REJU-
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PAGE 02 BANGKO 08487 091325Z

VENATION OF SKPC MUST BE BORNE PROPORTIONED TO PRINCIPAL

DEBT OUTSTANDING, AND WILL NOT ACCEPT CONCEPT THAT LOCATION OF ASSETS IN THAILAND JUSTIFY APPLICATION OF MAJOR BURDEN TO THAI FINANCIAL INSTITUTIONS. THAI LENDERS, HOWEVER, CLEARLY APPEAR WILLING TO ACCEPT PRINCIPAL OF TOGETHER WE STAND, TOGETHER WE FALL.

2. CREDITOR MEETINGS OVER PAST FOUR DAYS HAVE YIELDED A REORGANIZATION PROPOSAL AS A CONTINGENCY COURSE OF ACTION SHOULD THE PLAN ENVISIONED IN THE MU FAIL. A MEETING OF THE MINDS AT THE STAFF LEVEL HAS BEEN REACHED WHICH MAY OR MAY NOT HAVE CONCURRENCE OF EACH LENDER'S MANAGEMENT, BUT WHEN INITIALED BY STAFF SUBJECT TO APPROVAL OF RESPECTIVE BOARDS WILL WIN RELEASE OF 1,500 TONS OF PAPER BY SCC FOLLOWED BY REMAINING 3,500 TONS WHEN AGREEMENT HAS BEEN FORMALIZED.

3. REORGANIZATION PROPOSAL (RP) EXTENDS SCC'S OPTIONS UNDER THE MU FROM MAY 1, 1975, TO JUNE 15, 1975, AND IN INTERIM SCC REPRESENTATIVES WILL VISIT US IN FURTHER EFFORTS TO SEEK A PARTNER. SHOULD THIS EFFORT FAIL, RESPONSIBILITY FOR REVITALIZATION OF SKPC WILL DESCEND ON CREDITORS WHO WOULD; (A) SELECT THEIR OWN MANAGEMENT TEAM; (B) PROVIDE AMONG THEMSELVES FOR ONLY TWO KINDS OF DEBT (I) PREFERRED DEBT WHICH WOULD HAVE PREFERENTIAL PAY OUT AND WOULD NOT BE SUBJECT TO REDUCTION OR CONVERSION; AND (II) GENERAL DEBT WHICH WOULD BEAR DEBT ADJUSTMENT PRO RATA AND PAY OUT PARI PASSU; (C) PREFERRED DEBT EVIDENCED BY TRUST RECEIPTS WILL BE BASED UPON STOCK IN WAREHOUSE REPORT CERTIFIED BY SKPC AS OF MAY 9, 1975.

4. ON FRIDAY, MAY 9, REORGANIZATION PROPOSAL WAS INITIALED, SUBJECT TO MANAGEMENT CONCURRENCE, BY EACH OF THE PROPOSED PARTIES TO THE MU AND HAS BEEN POUCHED EXIMBANK.
MASTERS

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Message Attributes

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Draft Date: 09 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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Executive Order: N/A
Errors: N/A
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Margaret P. Grafeld
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